

A Member Attrition Mystery



An 85,000-member health plan was experiencing rapid membership attrition. Anecdotal evidence from sales suggested uncompetitive premium rates. However, providers claimed the plan offered low reimbursement compared to competitors.

MEDINSIGHT ANALYSIS

To analyze several potential root causes for the client's membership decline, MedInsight® was used to:

- Benchmark utilization against competitors.
- Audit the claims payment process.
- Examine capitation and reimbursement levels.

RESULTS

MedInsight showed that physician costs were 34.8% higher than median commercial levels and pinpointed specific contributors to cost increases:

- Utilization: 8.0%
- Overpaid claims: 4.5%
- Above-market capitation: 10.5%
- Above-market fee schedule: 11.8%

The client implemented several corrective actions to eliminate cost variances: It improved claims processing procedures, worked to reduce claim over-payments, adjusted capitation rates, implemented a new fee schedule, created a maximum allowable fee schedule for out-of-network claims, and began to actively drive care into the network.